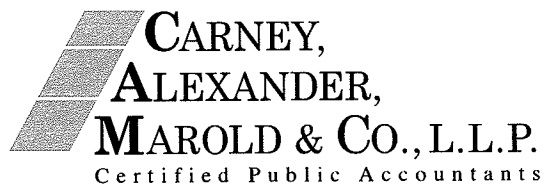

CITY OF PARKERSBURG
PARKERSBURG, IOWA

INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
INTERNAL CONTROLS AND COMPLIANCE

JUNE 30, 2015



CITY OF PARKERSBURG
PARKERSBURG, IOWA

Table of Contents

	Page
City Officials	1
Independent Auditors' Report	2 - 4
Management's Discussion and Analysis (MD&A)	5 - 9
Basic Financial Statements:	
Government-wide Financial Statement:	
Cash Basis Statement of Activities and Net Position	10
Governmental Fund Financial Statement:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	11
Proprietary Fund Financial Statement:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	12
Notes to Financial Statements	13 - 23
Other Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds	24
Notes to Other Information - Budgetary Reporting	25
Schedules of the City's Proportionate Share of the Net Pension Liability	26
Schedule of City Contributions	27
Notes to Other Information - Pension Liability	28
Supplementary Information:	
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds	29
Schedule of Indebtedness	30
Bond and Note Maturities	31
Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds	32
Internal Controls and Compliance:	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33 - 34
Schedule of Findings and Questioned Costs	35 - 36
Audit Staff	37

CITY OF PARKERSBURG
PARKERSBURG, IOWA

City Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Perry Bernard	Mayor	January, 2018
Leon Thorne	Mayor Pro tem	January, 2016
Dan Bruns	Council Member	January, 2016
Klint C. Knock	Council Member	January, 2016
Harlan Schuck	Council Member	January, 2016
Michael Timmer	Council Member	January, 2018
Chris Luhring	City Clerk/City Administrator	Indefinite
Martin Petersen	Attorney	Indefinite

Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of City of Parkersburg, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of City of Parkersburg as of June 30, 2015, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Emphasis of a Matter

As disclosed in Note 4 to the financial statements, City of Parkersburg adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Parkersburg's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included on pages 29 through 32, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, Management's Discussion and Analysis, the budgetary comparison information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 5 through 9 and 24 through 28, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2016 on our consideration of City of Parkersburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Parkersburg's internal control over financial reporting and compliance.

Carney, Alexander, Marold & Co., L.L.P.

Waterloo, Iowa
February 15, 2016

Management Discussion and Analysis

The City of Parkersburg, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

Fiscal Year 2015 Financial Highlights:

- Revenues of the City's governmental activities decreased 13.7% or approximately \$373,869, from fiscal year 2014 to fiscal year 2015. Property tax receipts decreased approximately \$8,809 (including tax increment financing collections) in the same period of time.
- Disbursements decreased 5.1%, or approximately \$116,948, in fiscal year 2015 from fiscal year 2014. Public works disbursements decreased \$15,321 and community and economic development disbursements decreased \$46,140.
- The City's total cash basis net assets increased by \$183,673 from June 30, 2014, to June 30, 2015. Of this amount, the assets of the governmental activities increased \$104,386. A large portion of these funds are reserve funds for future capital expenditures and reserved bond proceeds for street improvement purposes. The assets of the business type activities increased by approximately \$79,287.

Using This Annual Report

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the non major governmental funds.

Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the City's Financial Activities

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets provides information that helps answer this question.

The Statement of Activities and Net Assets present the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for the water and sewer funds, considered to be major funds of the City.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

Government-Wide Financial Analysis

Net Assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from Fiscal Year 2014, increasing from \$1,497,754 to \$1,602,140 at the end of Fiscal Year 2015. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2015	2014
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 167	\$ 163
Operating grants, contributions and restricted interest	194	187
Capital grants, contributions and restricted interest	400	645
General receipts:		
Property tax	1,308	1,326
Local option sales tax	127	109
Unrestricted interest on investments	3	3
Bond proceeds	-	-
Bonds refunded	-	-
Miscellaneous	142	283
Transfers, net	(101)	(87)
Total receipts and transfers	<u>2,240</u>	<u>2,629</u>
Disbursements:		
Public safety	372	339
Public works	364	379
Health and social services	1	1
Culture and recreation	347	270
Community and economic development	413	459
General government	164	156
Debt service	171	170
Capital projects	304	479
Total disbursements	<u>2,136</u>	<u>2,253</u>
Increase in cash basis net position	104	376
Cash basis net position beginning of year	<u>1,498</u>	<u>1,122</u>
Cash basis net position end of year	<u>\$ 1,602</u>	<u>\$ 1,498</u>

During Fiscal Year 2015 the City's total receipts decreased for governmental activities by 14.8% or \$389,000. The total cost of all programs and services performed by the city decreased by \$117,000, or 5.2%. The decrease in receipts was due to the completion of capital projects and decreases in capital grants, contributions, and/or restricted interest.

The City decreased the property tax levy from \$15.79702 / \$1000 valuation in Fiscal Year 2014 to \$15.13752 / \$1000 valuation in Fiscal Year 2015. Due to the tax levy rate decrease, the City's total general fund property tax receipts decreased by \$18,000 during Fiscal Year 2015. For Fiscal Year 2016, the City decreased the tax levy rate from \$15.13752 / \$1000 valuation to \$14.14451 / \$1000 valuation. Due to bond refinancing that was approved by the Mayor and City Council, total property tax receipts are expected to continue to decrease in the future to the benefit of property owners in Parkersburg.

The cost of all governmental activities in Fiscal Year 2015 was \$2,136,000 compared to \$2,253,000 in Fiscal Year 2014.

Changes in Cash Basis Net Position of Business Type Activities
(Expressed in Thousands)

	Year ended June 30,	
	2015	2014
Receipts and transfers:		
Program receipts:		
Charges for service		
Water	\$ 260	\$ 255
Sewer	208	168
Transfers, net	<u>101</u>	<u>87</u>
Total receipts and transfers	<u>569</u>	<u>510</u>
Disbursements:		
Water	205	183
Sewer	<u>285</u>	<u>212</u>
Total disbursements	<u>490</u>	<u>395</u>
Increase in cash basis net position	79	115
Cash basis net position beginning of year	<u>383</u>	<u>268</u>
Cash basis net position end of year	<u>\$ 462</u>	<u>\$ 383</u>

Total business type activities receipts for the Fiscal Year 2015 were \$569,000 compared to \$510,000 in the previous year. The cash balance increased by \$79,000 from Fiscal Year 2014. Total disbursements in Fiscal Year 2015 increased to \$490,000 compared to \$395,000 in the previous year.

Individual Major Governmental Fund Analysis

As the City of Parkersburg completed the year, its governmental funds reported a combined fund balance of \$1,602,000, an increase of \$104,000 from the fiscal year 2014 total of \$1,498,000. The following are the reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased to \$954,806 from the prior year balance of \$817,944.
- The Road Use Tax Fund cash balance increased by \$37,477 to a balance of \$119,927 during Fiscal Year 2015.
- The TIF fund cash balance decreased by \$5,328 to \$334,304.
- The Capital Projects fund cash balance decreased by \$92,865 to \$22,423 at the end of fiscal year 2015.

Individual Major Business Type Fund Analysis

- The Water Fund cash balance increased by \$55,101 to \$285,579.
- The Sewer Fund cash balance increased by \$24,186 to \$176,304.

Budgetary Highlights

The City did amend its budget during the year. Budget amendments are a routine occurrence for the City and are primarily due to changes in the timing of capital improvement projects or purchases not anticipated at the time that the budget was originally approved by the City Council.

Debt Administration

As of June 30, 2015, the City had approximately \$1,700,000 in bonds and other long-term debt, compared to approximately \$1,992,000 in the previous year, as shown below.

	Outstanding Debt at Year-End (Expressed in Thousands)	
	Year ended June 30,	
	2015	2014
General obligation bonds - corporate purpose bonds	\$ -	75
General obligation bonds - corporate purpose notes	-	40
General obligation bonds - street improvement bonds	545	590
General obligation bonds - refunding bonds	920	1,010
Sewer revenue bonds	235	277
Total	<u>\$ 1,700</u>	<u>\$ 1,992</u>

Debt decreased as a result of the paying off of existing debt during the fiscal year and due to refinancing of debt previously at a lower interest rate.

The Constitution of the State of Iowa limits the amount of general obligation debt that may be issued by a city to 5% of the actual assessed value of the property within the City's corporate limits. The current constitutional debt limitation for the City of Parkersburg is \$5,720,707. The city prefers to limit the amount of general obligation debt issued to less than one-half of the constitutionally allowed debt limit. As of June 30, 2015, the City's current outstanding general obligation debt was \$1,465,000, which is approximately 25% of the constitutionally allowed debt limit, well below our goal of 50%.

Economic Factors and Next Year's Budgets and Rates:

The City of Parkersburg's elected and appointed officials considered many factors when setting the fiscal year 2016 budget. Some of which include the tax rates and fees for various city services and charges for other city amenities. The City of Parkersburg continues to report strong residential and commercial building projects. While Parkersburg continues to experience growth in its property tax base, valuations are determined at the county level. Overall, good home sales continue to show people value the homes we have here in Parkersburg, want to live here, and will pay more to do so. Our steady growth has allowed the City to maintain its high level of service to the citizens. The City is able to project a balanced budget in all categories in the future.

The operating costs for providing all city services, including the water and sewer departments, continue to increase steadily. The expected cost of capital projects the city plans to implement in the next several years to replace and/or fix water and sanitary sewer mains also continues to increase. The City of Parkersburg recently completed a water main construction and water main looping project along Highway 57 west and on Railroad Street during the summer and fall of 2015. This project began our city's goal of replacing the underground water and sanitary sewer infrastructure in Parkersburg that is nearing its life expectancy and in need of replacement and/or repair. While capital projects may pose difficulties during their construction phases, the benefits of recent projects completed highlight Parkersburg's long-term planning success, the resiliency of our citizens, and our desire to be a healthier, more sustainable community in the future.

Many indicators were taken into account when adopting the budget for fiscal year 2016. The amount available for appropriation in the Fiscal Year 2016 operating budget is \$2,366,723. The City Council and Mayor have made every effort to keep the City financially sound. The City's budgeted cash balance is expected to remain steady by the close of 2016 because we continue to strive to operate in the most efficient way possible. Parkersburg's future economic well-being is more optimistic than in the prior year because of our continued recovery, the completion of capital projects in the last several years, ongoing projects scheduled to be completed in the next twelve months, and the spirit of the community.

Contacting the City's Financial Management:

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Chris Luhning, City

Basic Financial Statements

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2015

			Program Receipts	
	Disbursements	Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest
Primary Government:				
Functions/Programs:				
Governmental activities:				
Public safety	\$ 371,942	\$ -	\$ -	\$ 151,809
Public works	363,634	135,942	194,447	116,557
Health and social services	916	-	-	-
Culture and recreation	346,581	30,647	-	7,533
Community and economic development	412,808	-	-	6,338
General government	163,882	-	-	-
Debt service	171,462	-	-	-
Capital projects	304,570	-	-	117,597
Total governmental activities	<u>2,135,795</u>	<u>166,589</u>	<u>194,447</u>	<u>399,834</u>
Business type activities:				
Water	204,357	259,458	-	-
Sewer	285,230	208,076	-	-
Total business type activities	<u>489,587</u>	<u>467,534</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,625,382</u>	<u>\$ 634,123</u>	<u>\$ 194,447</u>	<u>\$ 399,834</u>
Component Unit:				
Parkersburg Economic Development	<u>\$ 168,433</u>	<u>\$ -</u>	<u>\$ 54,228</u>	<u>\$ -</u>
General Receipts and Transfers:				
Property tax levied for:				
General purposes				
Tax increment financing				
Debt Service				
Local option sales tax				
Payment from City of Parkersburg				
Unrestricted interest on investments				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
Cash Basis Net Position				
Restricted:				
Nonexpendable - cemetery perpetual care				
Expendable:				
Streets				
Urban renewal purposes				
Debt service				
Capital projects				
Other purposes				
Unrestricted				
Total cash basis net position				

See notes to financial statements.

Net (Disbursements) Receipts and
Changes in Cash Basis Net Assets

Primary Government			
Governmental Activities	Business Type Activities	Total	Component Unit
\$ (220,133)	\$ -	\$ (220,133)	\$ -
83,312	-	83,312	-
(916)	-	(916)	-
(308,401)	-	(308,401)	-
(406,470)	-	(406,470)	-
(163,882)	-	(163,882)	-
(171,462)	-	(171,462)	-
(186,973)	-	(186,973)	-
<u>(1,374,925)</u>	<u>-</u>	<u>(1,374,925)</u>	<u>-</u>
-	55,101	55,101	-
-	<u>(77,154)</u>	<u>(77,154)</u>	-
-	(22,053)	(22,053)	-
<u>(1,374,925)</u>	<u>(22,053)</u>	<u>(1,396,978)</u>	<u>-</u>
-	-	-	(114,205)
719,689	-	719,689	-
407,480	-	407,480	-
181,217	-	181,217	-
126,675	-	126,675	-
-	-	-	45,000
3,067	-	3,067	427
142,523	-	142,523	23,233
<u>(101,340)</u>	<u>101,340</u>	<u>-</u>	<u>-</u>
<u>1,479,311</u>	<u>101,340</u>	<u>1,580,651</u>	<u>68,660</u>
104,386	79,287	183,673	(45,545)
<u>1,497,754</u>	<u>382,596</u>	<u>1,880,350</u>	<u>166,262</u>
<u>\$ 1,602,140</u>	<u>\$ 461,883</u>	<u>\$ 2,064,023</u>	<u>\$ 120,717</u>
\$ 62,606	\$ -	\$ 62,606	\$ -
119,927	-	119,927	-
334,304	-	334,304	-
32,203	-	32,203	-
22,423	-	22,423	-
75,871	-	75,871	120,717
<u>954,806</u>	<u>461,883</u>	<u>1,416,689</u>	<u>-</u>
<u>\$ 1,602,140</u>	<u>\$ 461,883</u>	<u>\$ 2,064,023</u>	<u>\$ 120,717</u>

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2015

		Special Revenue	
	General	Road Use Tax	Urban Renewal Tax Increment
Receipts:			
Property tax	\$ 532,332	\$ -	\$ -
Tax increment financing collections	-	-	407,480
Other city tax	-	-	-
Licenses and permits	9,592	-	-
Use of money and property	2,491	-	-
Intergovernmental	279,791	194,447	-
Charges for service	166,589	-	-
Special assessments	1,943	-	-
Miscellaneous	130,988	-	-
Total receipts	<u>1,123,726</u>	<u>194,447</u>	<u>407,480</u>
Disbursements:			
Operating:			
Public safety	311,071	-	-
Public works	169,270	156,970	-
Health and social services	890	-	-
Culture and recreation	325,532	-	-
Community and economic development	-	-	412,808
General government	126,894	-	-
Debt service	-	-	-
Capital projects	4,509	-	-
Total disbursements	<u>938,166</u>	<u>156,970</u>	<u>412,808</u>
Excess (deficiency) of receipts over (under) disbursements	<u>185,560</u>	<u>37,477</u>	<u>(5,328)</u>
Other financing sources (uses):			
Operating transfers in	40,901	-	-
Operating transfers out	(89,599)	-	-
Total other financing sources (uses)	<u>(48,698)</u>	<u>-</u>	<u>-</u>
Net change in cash balances	136,862	37,477	(5,328)
Cash balances beginning of year	<u>817,944</u>	<u>82,450</u>	<u>339,632</u>
Cash balances end of year	<u>\$ 954,806</u>	<u>\$ 119,927</u>	<u>\$ 334,304</u>
Cash Basis Fund Balances			
Nonspendable - cemetery perpetual care	\$ -	\$ -	\$ -
Restricted for:			
Streets	-	119,927	-
Urban renewal purposes	-	-	334,304
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	-	-	-
Unassigned	<u>954,806</u>	<u>-</u>	<u>-</u>
Total cash basis fund balances	<u>\$ 954,806</u>	<u>\$ 119,927</u>	<u>\$ 334,304</u>

See notes to financial statements.

Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total
\$ 181,217	\$ -	\$ 187,357	\$ 900,906
-	-	-	407,480
-	-	126,675	126,675
-	-	-	9,592
-	-	576	3,067
1,078	117,597	1,368	594,281
-	-	-	166,589
-	-	-	1,943
-	-	-	130,988
<u>182,295</u>	<u>117,597</u>	<u>315,976</u>	<u>2,341,521</u>
-	-	60,871	371,942
-	-	37,394	363,634
-	-	26	916
-	-	21,049	346,581
-	-	-	412,808
-	-	36,988	163,882
171,462	-	-	171,462
-	300,061	-	304,570
<u>171,462</u>	<u>300,061</u>	<u>156,328</u>	<u>2,135,795</u>
<u>10,833</u>	<u>(182,464)</u>	<u>159,648</u>	<u>205,726</u>
-	89,599	-	130,500
-	-	(142,241)	(231,840)
-	89,599	(142,241)	(101,340)
10,833	(92,865)	17,407	104,386
21,370	115,288	121,070	1,497,754
<u>\$ 32,203</u>	<u>\$ 22,423</u>	<u>\$ 138,477</u>	<u>\$ 1,602,140</u>
\$ -	\$ -	\$ 62,606	\$ 62,606
-	-	-	119,927
-	-	-	334,304
32,203	-	-	32,203
-	22,423	-	22,423
-	-	75,871	75,871
-	-	-	954,806
<u>\$ 32,203</u>	<u>\$ 22,423</u>	<u>\$ 138,477</u>	<u>\$ 1,602,140</u>

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2015

	Enterprise Funds		
	Sewer Rental	Water	Total
Operating receipts:			
Charges for service			
Sale of water	\$ -	\$ 259,458	\$ 259,458
Sewer rental fees	208,076	-	208,076
Total operating receipts	208,076	259,458	467,534
Operating disbursements:			
Business type activities:			
Water	-	204,357	204,357
Sewer	203,369	-	203,369
Total operating disbursements	203,369	204,357	407,726
Excess of operating receipts over operating disbursements	4,707	55,101	59,808
Non-operating receipts (disbursements):			
Debt Service	(81,861)	-	(81,861)
Excess (deficiency) of receipts over (under) disbursements	(77,154)	55,101	(22,053)
Other financing sources:			
Operating transfers in	101,340	-	101,340
Net change in cash balances	24,186	55,101	79,287
Cash balances beginning year	152,118	230,478	382,596
Cash balances end of year	<u>\$ 176,304</u>	<u>\$ 285,579</u>	<u>\$ 461,883</u>
Cash Basis Fund Balances			
Unrestricted	<u>\$ 176,304</u>	<u>\$ 285,579</u>	<u>\$ 461,883</u>
Total cash basis fund balances	<u>\$ 176,304</u>	<u>\$ 285,579</u>	<u>\$ 461,883</u>

See notes to financial statements.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Financial Statements
June 30, 2015

(1) Summary of Significant Accounting Policies

The City of Parkersburg is a political subdivision of the State of Iowa located in Butler County. It was first incorporated in 1874 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Parkersburg has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an Organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the Organization to provide specific benefits to or impose specific financial burdens on the City.

The government-wide financial statements present the City of Parkersburg (the primary government) and its component unit. The component unit discussed in Note 9 is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. The component unit's cash receipts and disbursements are discretely presented on the City's financial statements and condensed information is presented in Note 9.

Jointly Governed Organization

The City participates in a jointly governed organization that provides goods or services to the citizenry of the City but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating government. An official is a member of the Butler County Joint E911 Service Board.

B. Basis of Presentation

Government-wide Financial Statements - The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Financial Statements
June 30, 2015

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in three categories:

Nonexpendable restricted net position are subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net position result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions of enabling legislation.

Unrestricted net position consist of net position not meeting the definition of the preceding categories. Unrestricted net position often have constraints on resources imposed by management, which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for the governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Urban Renewal Tax Increment Fund is used to account for urban renewal projects financed by tax increment financing.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Financial Statements
June 30, 2015

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Fund Financial Statements (continued)

The City reports the following major governmental funds (continued):

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is utilized to account for the expenditures of capital improvements for the City.

The City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City of Parkersburg maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Financial Statements
June 30, 2015

(1) Summary of Significant Accounting Policies (continued)

D. Governmental Cash Basis Fund Balances:

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts the council intends to use for specific purposes.

Unassigned - All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2015, disbursements did not exceed the amounts budgeted.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk. The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

The City's investments at June 30, 2015 were certificates of deposit only.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Financial Statements
June 30, 2015

(3) Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation bonds and sewer revenue bonds are as follows:

Year Ending June 30,	General Obligation Bonds							
	Corporate Purpose Bonds		Corporate Purpose Loan Notes		Street Improvement Bonds		Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ -	\$ -	\$ -	\$ -	\$ 45,000	\$ 10,900	\$ 160,000	\$ 12,915
2017	-	-	-	-	35,000	10,562	170,000	11,715
2018	-	-	-	-	40,000	10,108	170,000	10,100
2019	-	-	-	-	40,000	9,587	90,000	8,230
2020	-	-	-	-	40,000	9,068	95,000	6,790
2021-2025	-	-	-	-	205,000	33,397	205,000	15,625
2026-2028	-	-	-	-	140,000	7,838	30,000	780
Total	\$ -	\$ -	\$ -	\$ -	\$ 545,000	\$ 91,460	\$ 920,000	\$ 66,155

Year Ending June 30,	General Obligation Bonds				Total General Obligation and Sewer Revenue Bonds	
	General Obligation Total		Sewer Revenue Bonds		Principal	Interest
	Principal	Interest	Principal	Interest		
2016	\$ 205,000	\$ 23,815	\$ 44,000	\$ 7,050	\$ 249,000	\$ 30,865
2017	205,000	22,277	45,000	5,730	250,000	28,007
2018	210,000	20,208	47,000	4,380	257,000	24,588
2019	130,000	17,817	49,000	2,970	179,000	20,787
2020	135,000	15,858	50,000	1,500	185,000	17,358
2021-2025	410,000	49,022	-	-	410,000	49,022
2026-2028	170,000	8,618	-	-	170,000	8,618
Total	\$1,465,000	\$ 157,615	\$ 235,000	\$ 21,630	\$1,700,000	\$ 179,245

Revenue Bonds - the City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$901,000 of sewer revenue bonds issued in July, 2000 . Proceeds from the bonds provided financing for the construction of improvements and extensions to the municipal sanitary sewer system. The bonds are payable solely from sewer customer net receipts and are payable through 2020. Annual principal and interest payments on the bonds are expected to require less than 45% of the net receipts. Total principal and interest remaining to be paid is \$256,630. For the current year, principal and interest paid and total net receipts were \$46,848 and \$106,047, respectively.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Financial Statements
June 30, 2015

(4) Pension Plan

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail by 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July, 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Financial Statements
June 30, 2015

(4) Pension Plan (continued)

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applied IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined a a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent.

The City's contributions to IPERS for the year ended June 30, 2015 were \$35,275.

Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City's liability for its proportionate share of the collective net pension liability totaled \$147,442. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's proportion was 0.003718 percent, which was a decrease of 0.000479 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the City collective pension expense, collective deferred outflows and collective deferred inflows totaled \$15,125, \$9,460 and \$92,014, respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using he following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent
Salary increases (effective June 30, 2014)	4.00 percent, average, including inflation
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, corresponded annually, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Financial Statements
June 30, 2015

(4) Pension Plan (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31
Non US Equity	15%	6.76
Private Equity	13%	11.34
Real Estate	8%	3.52
Core Plus Fixed Income	28%	2.06
Credit Opportunities	5%	3.67
TIPS	5%	1.92
Other Real Assets	2%	6.27
Cash	1%	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$ 350,909	\$ 147,442	\$ (24,231)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Financial Statements
June 30, 2015

(5) Compensated Absences

Full time City employees accumulate vacation and sick leave hours for subsequent use. These accumulations are not recognized as disbursements by the City until used or paid.

Vacation hours not used as of June 30 each year are forfeited. The City has no liability for earned vacation payable to employees at June 30, 2015. Sick leave is payable only when used and not upon retirement or death.

Full time City employees qualify for overtime pay when hours worked in a specific week exceed 40 hours. The employee is entitled to be paid for the excess hours at one and one half their hourly rate or they may choose to accumulate comp time. At June 30, 2015, the accumulated comp time was \$7,809 using the rates of pay in effect at that time.

(6) Anticipatory Warrants

Anticipatory warrants are the warrants which are legally drawn on City funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented for redemption.

There was not any anticipatory warrant activity for the year ended June 30, 2015.

(7) Construction Commitments

At June 30, 2015, the City had approved construction projects totaling \$671,067. As of June 30, 2015, \$656,876 of these projects had been completed and had been paid. The remaining contract balances are to be completed and paid after June 30, 2015.

(8) Other Postemployment Benefits (OPEB)

Plan Description - The City operates a single employer benefit plan which provides medical/prescription drug/dental benefits for full time employees and their families, and for retirees and their spouses. There are presently 7 active and 0 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug/dental benefits are provided through a fully-insured plan with Wellmark and United Health Care. Retirees under age 65 pay the same premium for the medical/prescription drug/dental benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$325 - \$847 for single coverage and \$1,330 - \$1,446 for family coverage. The same monthly premiums would apply to retirees. For the year ended June 30, 2015, the City contributed \$92,905 and plan members eligible for benefits contributed \$0 to the plan.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Financial Statements
June 30, 2015

(9) Component Unit

The Cash Basis Statement of Activities and Net Assets includes the discretely presented financial information of the City's component unit, Parkersburg Economic Development, whose relationship to the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Parkersburg Economic Development is governed by an eight-member board.

Included in the receipts of the component unit is \$45,000 which is from the City of Parkersburg. Likewise, in the financial statements of the City, disbursements of \$45,000 are included in the Special Revenue, Urban Renewal Tax Increment fund, under the community and economic development function.

Below, a condensed financial statement for the Parkersburg Economic Development is presented:

Receipts:	
Use of money and property	\$ 23,660
Miscellaneous	99,228
	<u>122,888</u>
Total	<u>122,888</u>
Disbursements:	
Operating:	
Community and economic development	168,433
	<u>168,433</u>
Total	<u>168,433</u>
Net change in cash balances	(45,545)
Cash balances beginning of year	166,262
Cash balances end of year	<u><u>\$ 120,717</u></u>

(10) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to:		Transfer from:	
General	\$ 25,335	Special Revenue: Local Option Sales Tax	\$ 126,675
Proprietary:			
Enterprise:			
Sewer Rental	101,340		
General	15,566	Special Revenue: Emergency Levy	15,566
Capital Projects	<u>89,599</u>	General	<u>89,599</u>
Total	<u><u>\$ 231,840</u></u>		<u><u>\$ 231,840</u></u>

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Financial Statements
June 30, 2015

(10) Interfund Transfers (continued)

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(11) Related Party Transactions

The City had no business transactions between the City and City officials during the year ended June 30, 2015.

(12) Risk Management

The City of Parkersburg is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(13) Subsequent Events

Management has evaluated subsequent events through February 15, 2016, the date on which the financial statements were available to be issued.

Other Information

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances -
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 900,906	\$ -	\$ -
Tax increment financing collections	407,480	-	-
Other city tax	126,675	-	-
Licenses and permits	9,592	-	-
Use of money and property	3,067	-	-
Intergovernmental	594,281	-	-
Charges for service	166,589	467,534	-
Special assessments	1,943	-	-
Miscellaneous	130,988	-	-
	<u>2,341,521</u>	<u>467,534</u>	<u>-</u>
Total receipts			
	<u>2,341,521</u>	<u>467,534</u>	<u>-</u>
Disbursements:			
Public safety	371,942	-	-
Public works	363,634	-	-
Health and social services	916	-	-
Culture and recreation	346,581	-	-
Community and economic development	412,808	-	-
General government	163,882	-	-
Debt service	171,462	-	-
Capital projects	304,570	-	-
Business type activities	-	489,587	-
	<u>2,135,795</u>	<u>489,587</u>	<u>-</u>
Total disbursements			
	<u>2,135,795</u>	<u>489,587</u>	<u>-</u>
Excess of receipts over disbursements	205,726	(22,053)	-
Other financing sources, net	(101,340)	101,340	-
Excess of receipts and other financing sources over disbursements and other financing uses	104,386	79,287	-
Balances beginning of year	1,497,754	382,596	-
Balances end of year	<u>\$ 1,602,140</u>	<u>\$ 461,883</u>	<u>\$ -</u>

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
\$ 900,906	\$ 872,248	\$ 872,248	\$ 28,658
407,480	400,000	400,000	7,480
126,675	116,951	116,951	9,724
9,592	8,650	8,650	942
3,067	1,500	1,500	1,567
594,281	238,712	463,712	130,569
634,123	651,800	651,800	(17,677)
1,943	3,000	3,000	(1,057)
130,988	35,300	120,300	10,688
<u>2,809,055</u>	<u>2,328,161</u>	<u>2,638,161</u>	<u>170,894</u>
371,942	372,078	447,078	75,136
363,634	383,994	383,994	20,360
916	5,000	5,000	4,084
346,581	285,410	404,396	57,815
412,808	419,397	419,397	6,589
163,882	178,150	178,150	14,268
171,462	178,612	178,612	7,150
304,570	-	331,484	26,914
489,587	492,300	492,300	2,713
<u>2,625,382</u>	<u>2,314,941</u>	<u>2,840,411</u>	<u>215,029</u>
183,673	13,220	(202,250)	385,923
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
183,673	13,220	(202,250)	385,923
<u>1,880,350</u>	<u>1,408,586</u>	<u>1,880,350</u>	<u>-</u>
<u>\$ 2,064,023</u>	<u>\$ 1,421,806</u>	<u>\$ 1,678,100</u>	<u>\$ 385,923</u>

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Other Information - Budgetary Reporting

June 30, 2015

The budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control for the certified budget is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, a budget amendment increased the budgeted disbursements by \$525,470. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2015, disbursements did not exceed the amounts budgeted.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Schedule of the City's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*
(In Thousands)

Other Information

	2015
City's proportion of the net pension liability	0.003718%
City's proportionate share of the net pension liability	147
City's covered employee payroll	407
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	36.12%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying independent auditors' report.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Schedule of City Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years
(In Thousands)

Other Information

	2015	2014	2013	2012
Statutorily required contribution	\$ 35	\$ 35	\$ 33	\$ 30
Contributions in relation to the statutorily required contribution	<u>(35)</u>	<u>(35)</u>	<u>(33)</u>	<u>(30)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 407	\$ 407	\$ 406	\$ 403
Contributions as a percentage of covered-employee payroll	8.60%	8.60%	8.13%	7.44%

See accompanying independent auditors' report.

2011	2010	2009	2008	2007	2006
\$ 27	\$ 26	\$ 26	\$ 21	\$ 19	\$ 18
<u>(27)</u>	<u>(26)</u>	<u>(26)</u>	<u>(21)</u>	<u>(19)</u>	<u>(18)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 402	\$ 412	\$ 745	\$ 349	\$ 326	\$ 317
6.72%	6.31%	3.49%	6.02%	5.83%	5.68%

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Other Information - Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments to one year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

Supplementary Information

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances -
Nonmajor Governmental Funds

As of and for the year ended June 30, 2015

	Special	
	Local Option Sales Tax	Employee Benefits
Receipts:		
Property tax	\$ -	\$ 171,904
Tax increment financing collections	-	-
Other city tax	126,675	-
Licenses and permits	-	-
Use of money and property	-	-
Intergovernmental	-	1,255
Charges for service	-	-
Miscellaneous	-	-
Total receipts	126,675	173,159
Disbursements:		
Operating:		
Public safety	-	60,871
Public works	-	37,394
Health and social services	-	26
Culture and recreation	-	21,049
Community and economic development	-	-
General government	-	36,988
Debt service	-	-
Capital projects	-	-
Total disbursements	-	156,328
Excess of receipts over disbursements	126,675	16,831
Other financing sources (uses):		
Operating transfers in	-	-
Operating transfers out	(126,675)	-
Total other financing sources (uses)	(126,675)	-
Net change in cash balances	-	16,831
Cash balances beginning of year	-	6,524
Cash balances end of year	\$ -	\$ 23,355
Cash Balance Fund Balances		
Nonspendable - cemetery perpetual care	\$ -	\$ -
Restricted for:		
Capital projects	-	-
Other purposes	-	23,355
Unassigned	-	-
Total cash basis fund balances	\$ -	\$ 23,355

See accompanying independent auditors' report.

Revenue			Permanent Cemetery Perpetual Care	Total
Emergency Levy	Police Forfeiture	Historical House		
\$ 15,453	\$ -	\$ -	\$ -	\$ 187,357
-	-	-	-	-
-	-	-	-	126,675
-	-	-	-	-
-	-	-	576	576
113	-	-	-	1,368
-	-	-	-	-
-	-	-	-	-
15,566	-	-	576	315,976
-	-	-	-	60,871
-	-	-	-	37,394
-	-	-	-	26
-	-	-	-	21,049
-	-	-	-	-
-	-	-	-	36,988
-	-	-	-	-
-	-	-	-	-
-	-	-	-	156,328
15,566	-	-	576	159,648
-	-	-	-	-
(15,566)	-	-	-	(142,241)
(15,566)	-	-	-	(142,241)
-	-	-	576	17,407
-	516	52,000	62,030	121,070
\$ -	\$ 516	\$ 52,000	\$ 62,606	\$ 138,477
\$ -	\$ -	\$ -	\$ 62,606	\$ 62,606
-	-	-	-	-
-	516	52,000	-	75,871
-	-	-	-	-
\$ -	\$ 516	\$ 52,000	\$ 62,606	\$ 138,477

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Schedule of Indebtedness

Year ended June 30, 2015

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General Obligation Bonds:			
Corporate purpose bonds, Series 2006	May 1, 2006	3.70% - 5.05%	\$ 1,250,000
Corporate purpose notes, Series 2011	October 15, 2011	2.50%	\$ 60,000
Street improvement bonds, Series 2012A	September 20, 2012	.75% - 2.75%	\$ 635,000
Refunding bonds, Series 2012B	September 20, 2012	.65% - 2.60%	\$ 1,095,000
Sewer Revenue Bonds, State Revolving Loan Fund:			
Series 2000A	July 5, 2000	3.00%	\$ 757,000
Series 2000B	July 5, 2000	3.00%	\$ 144,000

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ 33,988</u>	<u>\$ -</u>
<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 956</u>	<u>\$ -</u>
<u>\$ 590,000</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 545,000</u>	<u>\$ 11,238</u>	<u>\$ -</u>
<u>\$ 1,010,000</u>	<u>\$ -</u>	<u>\$ 90,000</u>	<u>\$ 920,000</u>	<u>\$ 13,500</u>	<u>\$ -</u>
<u>\$ 221,000</u>	<u>\$ -</u>	<u>\$ 34,000</u>	<u>\$ 187,000</u>	<u>\$ 3,868</u>	<u>\$ -</u>
<u>\$ 56,000</u>	<u>\$ -</u>	<u>\$ 8,000</u>	<u>\$ 48,000</u>	<u>\$ 980</u>	<u>\$ -</u>

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Bond and Note Maturities

Year ended June 30, 2015

General Obligation Bonds		
Street Improvement Bonds, Series 2012A		
Issued September 20, 2012		
Year Ending June 30,	Interest Rates	Amount
2016	0.75%	\$ 45,000
2017	1.30%	35,000
2018	1.30%	40,000
2019	1.30%	40,000
2020	1.90%	40,000
2021	1.90%	40,000
2022	1.90%	40,000
2023	2.35%	40,000
2024	2.35%	40,000
2025	2.35%	45,000
2026	2.75%	45,000
2027	2.75%	45,000
2028	2.75%	50,000
		<u>\$ 545,000</u>

General Obligation Bonds		
Refunding Bonds, Series 2012B		
Issued September 20, 2012		
Year Ending June 30,	Interest Rates	Amount
2016	0.75%	\$ 160,000
2017	0.95%	170,000
2018	1.10%	170,000
2019	1.60%	90,000
2020	1.60%	95,000
2021	1.90%	95,000
2022	1.90%	25,000
2023	2.60%	25,000
2024	2.60%	30,000
2025	2.60%	30,000
2026	2.60%	30,000
		<u>\$ 920,000</u>

Sewer Revenue Bonds						
Series 2000 A			Series 2000 B			
Year Ending June 30,	Interest Rates	Amount	Year Ending June 30,	Interest Rates	Amount	Total
2016	3.00%	\$ 35,000	2016	3.00%	\$ 9,000	\$ 44,000
2017	3.00%	36,000	2017	3.00%	9,000	45,000
2018	3.00%	37,000	2018	3.00%	10,000	47,000
2019	3.00%	39,000	2019	3.00%	10,000	49,000
2020	3.00%	40,000	2020	3.00%	10,000	50,000
		<u>\$ 187,000</u>			<u>\$ 48,000</u>	<u>\$ 235,000</u>

See accompanying independent auditors' report.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Schedule of Receipts by Source and Disbursements by Function
All Governmental Funds

For the Last Ten Years

	2015	2014	2013	2012
Receipts:				
Property tax	\$ 900,906	\$ 891,564	\$ 835,878	\$ 673,353
Tax increment financing collections	407,480	425,631	449,660	846,376
Other city tax	126,675	117,792	125,438	127,193
Licenses and permits	9,592	10,651	9,170	10,089
Use of money and property	3,067	2,581	2,504	2,625
Intergovernmental	594,281	832,138	1,535,017	862,068
Charges for service	166,589	162,905	156,882	161,599
Special assessments	1,943	2,298	2,152	4,168
Miscellaneous	130,988	269,830	56,438	338,696
	<u>\$ 2,341,521</u>	<u>\$ 2,715,390</u>	<u>\$ 3,173,139</u>	<u>\$ 3,026,167</u>
Total				
Disbursements:				
Operating:				
Public safety	\$ 371,942	\$ 339,246	\$ 330,293	\$ 240,536
Public works	363,634	378,955	361,815	306,397
Health and social services	916	541	729	1,265
Culture and recreation	346,581	270,236	276,724	295,696
Community and economic development	412,808	458,948	413,011	442,980
General government	163,882	156,075	193,993	325,627
Debt service	171,462	169,548	173,796	214,570
Capital projects	304,570	479,194	1,474,319	579,662
	<u>\$ 2,135,795</u>	<u>\$ 2,252,743</u>	<u>\$ 3,224,680</u>	<u>\$ 2,406,733</u>
Total				

See accompanying independent auditor's report.

2011	2010	2009	2008	2007	2006
\$ 529,648	\$ 589,154	\$ 580,287	\$ 564,080	\$ 549,392	\$ 419,154
508,214	495,988	422,459	353,214	337,820	319,977
112,006	145,478	143,515	124,241	117,175	105,552
9,267	10,145	37,271	11,851	3,104	2,562
3,111	9,055	16,564	7,101	15,380	19,483
786,652	2,024,492	8,371,066	244,062	269,538	245,016
256,935	224,287	206,012	204,089	217,650	208,989
15,714	6,601	7,181	34,715	38,502	-
269,761	88,518	943,728	57,967	23,132	11,405
<u>\$ 2,491,308</u>	<u>\$ 3,593,718</u>	<u>\$ 10,728,083</u>	<u>\$ 1,601,320</u>	<u>\$ 1,571,693</u>	<u>\$ 1,332,138</u>
\$ 233,191	\$ 291,403	\$ 314,598	\$ 195,431	\$ 238,251	\$ 205,499
298,763	321,554	275,097	725,875	351,046	322,919
1,635	1,229	11,385	2,102	5,332	3,342
202,909	179,825	178,518	182,197	196,486	190,838
564,942	192,952	242,516	549,569	444,721	238,725
306,324	254,677	261,254	204,187	221,612	192,283
215,135	240,767	254,078	193,174	104,503	101,138
2,716,927	7,821,539	203,267	787,769	-	-
<u>\$ 4,539,826</u>	<u>\$ 9,303,946</u>	<u>\$ 1,740,713</u>	<u>\$ 2,840,304</u>	<u>\$ 1,561,951</u>	<u>\$ 1,254,744</u>

Internal Controls and Compliance

Independent Auditors' Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Parkersburg, Iowa, as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 15, 2016. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Parkersburg's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Parkersburg's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Parkersburg's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Parkersburg's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Parkersburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Parkersburg's Responses to Findings

City of Parkersburg's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. City of Parkersburg's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Parkersburg during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Carney, Alexander, Maxwell & Co., L.L.P.

Waterloo, Iowa
February 15, 2016

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

None noted

INTERNAL CONTROL DEFICIENCIES:

None noted

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part II: Other Findings Related to Statutory Reporting:

- II-A-15 Official Depositories - A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in that resolution were not exceeded during the year ended June 30, 2015.
- II-B-15 Certified Budget - Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted.
- II-C-15 Entertainment Expense - We noted no disbursements for parties, banquets or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.
- II-D-15 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- II-E-15 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-15 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- The minutes of Council proceedings were published within fifteen days as required by Chapter 372.13(6) of the Code of Iowa.
- II-G-14 Business Transactions - We noted no business transactions between the City and City officials or employees.
- II-H-15 Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- II-H-15 Revenue Bonds - We noted no instances of noncompliance with the revenue bond resolutions.
- II-H-15 Urban Renewal Annual Report - We noted no instances of noncompliance with the report requirements.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Audit Staff

This audit was performed by:

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